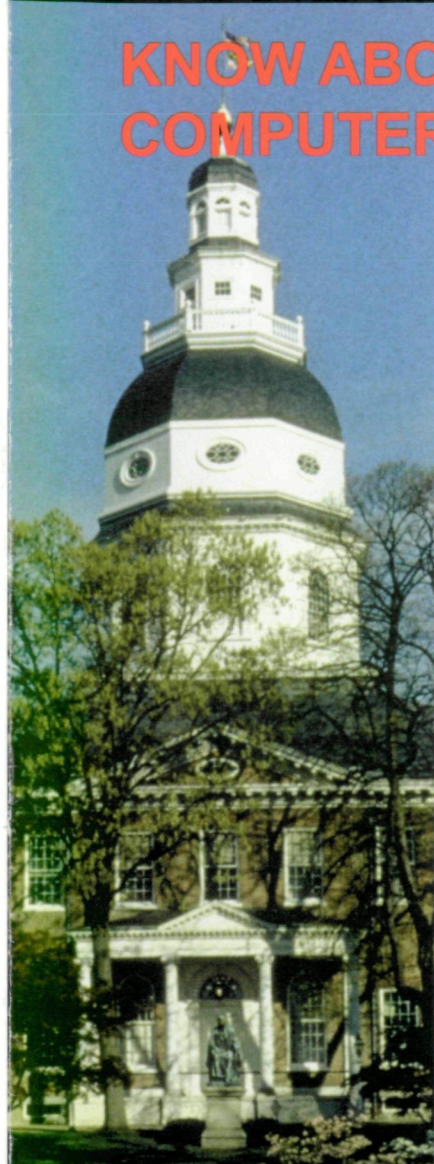


Maryland



WHAT EVERY CITIZEN SHOULD KNOW ABOUT THE YEAR 2000 COMPUTER PROBLEM...



**The public faces
the risk that critical
services could be
disrupted.**

**United States General
Accounting Office**

The Year 2000 computer problem could have significant impact on us all, because today we all depend on computers in so many aspects of our lives. This problem is caused by the abbreviation of the year to two digits ("98" for 1998, "99" for 1999, etc.) in many older computer systems. As we near the new century, computers may interpret "00" as 1900 instead of 2000 and therefore produce incorrect results. This unfortunate shorthand tradition may have been implemented in the 1960s, 1970s, and 1980s, because computer memory was very expensive or because people lacked the foresight to understand what problems the new century abbreviation would cause. Whatever the reason, the year 2000 is almost upon us, and the "00" abbreviation may start causing problems that you should be aware of.

YOUR HOME

Any home appliances and electronic equipment that are date-sensitive, including many with a blinking LCD display, are candidates for Y2K trouble. In 99 percent of cases, such equipment will work but will give the wrong date. This is problematic if you set your VCR to record the Rose Bowl on New Year's Day of the new millennium and wind up with a Cheers rerun. But you can trick it into functioning properly by setting its internal clock back 28 years to 1972, when the calendar dates and days of the week fall in the same sequence that they will in 2000, with January 1 being on a

Saturday. You will probably need to replace noncompliant equipment only if displaying the correct date is critical -- say, on a fax machine used to transmit legal documents.

Other automated devices, including programmable thermostats and security systems, could shut down, however. Call the companies that installed any vulnerable devices, and ask that they be tested for Y2K compliance and, if necessary, repaired well before New Year's Eve 1999. While standard warranties and consumer-protection laws as currently written may cover home electronics and equipment Y2K problems for most products purchased in 1997 or later, the best way to avoid difficulties is to test before you buy.

New automobiles have computer chips that monitor and control many functions including emission control and maintenance monitoring. If you have a late model car, check with the manufacturer to be sure your car will operate correctly after the Year 2000.

YOUR COMPUTER

All Macintoshes are Y2K-compliant, and the vast majority of PCs made after 1995 are supposed to be, but you do not know for sure until you test. A Defense Department official who in May 1997 purchased 30 laptops with Pentium chips that were alleged to be Y2K-compliant found that 12 failed when he put them to a date-change test.



Countdown to the

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Make sure that any test confirms your computer is truly rollover compliant. (Some computers will read the date correctly if left running as we move from 1999 to 2000 but then will display an incorrect date if turned off and then on again.) Check by setting the computer's calendar to 11:58 p.m., December 31, 1999 and let it run into 2000. If it changes correctly into the year 2000, then turn the computer off, wait two minutes, then restart it to ensure that it retains the correct 2000 date and time.

However, even if your computer's operating system functions properly in the new century, it does not mean your software will. For instance, Quicken versions 1 through 4 for DOS will not work in 2000 and neither will Microsoft Excel 5.0a for Apple's PowerPC. The newer versions of these programs are 2000-compliant. Call the manufacturer to find out whether your current software is Y2K-ready. When buying new software -- or a computer -- insist on an in-store certification for Y2K readiness.

YOUR CREDIT CARDS

If you use MasterCard or Visa, you may have already received a card with a year 2000 expiration date, because both organizations are confident they will now be accepted at most of the 14 million terminals worldwide that take bankcards. American Express is not yet issuing any cards with dates beyond 1999 because "we're waiting for terminals at all merchants to become compliant," says company spokesperson Sue Miller.

If you receive a card with a year 2000 expiration date, carry another that expires in 1999 or sooner in case you hit a noncompliant terminal. (Regardless of whether your card is accepted, you still risk inaccurate bills from a potential glitch within the programs interconnecting the card issuer with merchants, banks and third-

party processors.) Also, given the fact that credit reporting bureaus experience some errors even in the best of times, you would be wise to obtain copies of your credit report both before and after the century change so that you can promptly spot and correct any Y2K errors.

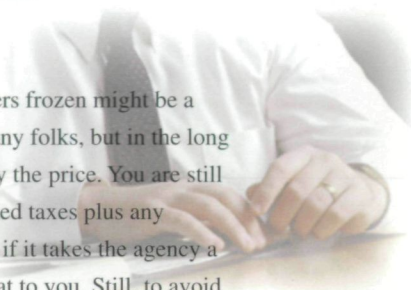
YOUR TAXES

Seeing the IRS computers frozen might be a dream come true for many folks, but in the long run taxpayers would pay the price. You are still expected to pay scheduled taxes plus any applicable interest even if it takes the agency a year to communicate that to you. Still, to avoid the surprise of having a significant refund in 2000 fall into the millennium glitch, calculate your 1999 tax withholding -- for federal, state and local filings -- as close as possible to what you will owe.

YOUR BANK OR CREDIT UNION

Eliminating all Y2K bugs among the nation's 10,000 banks seems so unlikely now that the Federal Reserve is making contingency plans to assist banks that may be crippled by computer problems in January 2000.

A major upbeat note for both depositors and investors is that even Y2K doomsayers believe that the largest U.S. banks will have their systems ready. But federal regulators report that of the nation's community banks (which hold 16 percent of U.S. banking assets), some 500 (or almost 9 percent) either are doing nothing about their Y2K risks or are only just now beginning to develop correction plans. And credit unions -- which hold \$345 billion in assets and to which one out of four Americans belongs -- were recently criticized by the U.S. Government Accounting Office for dragging their feet on Y2K problems. Foreign banks are also lagging, and U.S. banks that trade data with them (as almost all do) can be vulnerable.





YEAR 2000

Here are some things you can do to reduce the risks of losing access to your funds, being harried by inaccurate statements, and encountering delays in clearing checks and deposits: Review information provided by your bank to determine whether they will have all computer systems reprogrammed and tested by the end of this year, leaving all of 1999 for testing with other banks and the wire transfer systems. If your bank can not assure you of year 2000 compliance by the end of 1998, consider finding a bank that can. One other tip: Prior to New Year's Eve 1999, withdraw a couple of weeks' spending money in cash just in case your ATM is temporarily down.

YOUR INSURANCE

If your home, auto or life insurance policies are issued by a large national company, your Y2K risks are lower, but be wary of small regional insurers, which supply coverage for about 30 percent of Americans. The big companies are expected to have their fixes done by the end of this year and then will complete a thorough testing. But some smaller ones have not started at all.

State insurance commissioners have begun surveying companies about Y2K progress, so you may be able to get information on your insurer's status by calling your state's insurance department, as well as plowing through insurance ratings bureaus and, possibly, 10-K filings. If you can not obtain sufficient disclosure about your company, ask your agent to state in writing when your insurer will be Y2K-compliant. (A noncompliant computer might, for example, cancel a policy running through 2001 because it erroneously reads the policy as having expired in 1901.)

YOUR SOCIAL SECURITY AND MEDICARE

Social Security benefits are not likely to be disrupted by millennium bugs because the SSA began its Y2K program in 1993, far earlier than even most businesses. A report card on Y2K progress issued in September 1997 by the U.S. House Subcommittee on Government Management, Information and Technology gave Ds or Fs to nearly half the federal agencies (including a D- to the IRS), but Social Security scored an A -- the highest grade given.

The risk of delays or foul-ups is higher for Medicare benefits. The GAO says that, astoundingly, the Department of Health and Human Services in its May 1997 progress report failed to assess how much systems renovation was needed by contractors who are paid by the government to process the nation's \$200 billion in annual Medicare claims. HHS is now taking action.

To avoid delays, submit Medicare claims as early as possible in 1999, and after the first quarter of 2000 check the accuracy of your Social Security Personal Earnings and Benefits Statement, which lists your annual earnings and estimates future benefits. You can get your statement on the Internet at www.ssa.gov, by phone at 800-772-1213 or at local Social Security offices.

YOUR INVESTMENTS

You need to know how firms whose stocks or bonds you might own are confronting Y2K. A 1997 survey of 6,000 companies worldwide, directed by Lou Marcoccio of the Gartner Group, a Stamford, Conn. consulting firm, found that 30 percent had not even begun addressing their date-change problems. Because so little disclosure has been made to date, nobody is ready to name the worst laggards, but the Gartner Group suggests caution about sectors such as heavy-

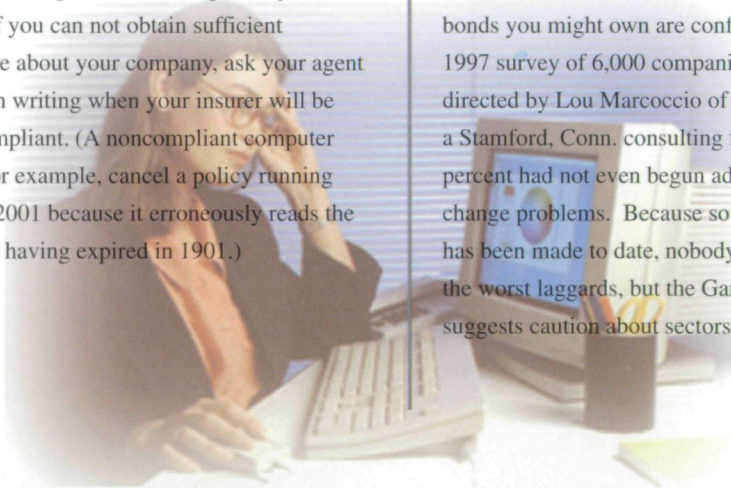
You should

prepare

for potential

Year 2000

problems.



year 2000



MARYLAND 2000

Your State is

actively work-

ing to ensure

services are

not disrupted.



equipment manufacturing, pharmaceuticals, semiconductors, construction, community banks and credit unions.

Only about 520 corporations had even mentioned Y2K in public disclosure filings as of the third quarter of 1997, but you will likely be able to learn more in the current and upcoming annual 10-K and quarterly 10-Q disclosure reports that companies must file with the Securities and Exchange Commission (available from individual companies and the EDGAR database).

YOUR BROKER OR MUTUAL FUND

A November 1997 survey of 3,200 brokers, fund companies and other financial services by the Securities Industry Association found that while 77 percent of large firms (those with more than 6,000 employees) were fixing and testing their systems, only about a third of mid-size and small companies were doing so.

YOUR STATE

The State of Maryland has a very active Year 2000 program currently working to ensure that state provided services are not disrupted because of the Year 2000 problem. Each state agency is working to fix or replace systems that could cause a problem. The legislature has

appropriated significant funds to help agencies assess, fix, and test their systems before January 1, 2000. For more information about the State's Year 2000 Program, we invite you to visit our website through the Maryland Electronic Capitol's home page (www.mec.state.md.us)

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